

## Message Text

LIMITED OFFICIAL USE

PAGE 01 LONDON 03765 01 OF 02 111848Z

51

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 NEA-09 IO-10 ISO-00

AGR-05 AID-05 CEA-01 CIAE-00 COME-00 FRB-03 INR-07

NSAE-00 CIEP-01 SP-02 STR-01 TRSE-00 LAB-04 SIL-01

SAM-01 OMB-01 PA-01 PRS-01 USIA-06 L-02 OPIC-03 /102 W

----- 126975

R 111833Z MAR 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 9165

INFO AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

AMEMBASSY COPENHAGEN

AMEMBASSY MADRID

AMEMBASSY STOCKHOLM

AMEMBASSY MANILA

AMEMBASSY CANBERRA

AMEMBASSY MEXICO

AMEMBASSY GUATEMALA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

AMEMBASSY SAN JOSE

AMEMBASSY PANAMA

AMEMBASSY TOKYO

AMEMBASSY BANGKOK

AMEMBASSY TAIPEI

AMEMBASSY PRETORIA

AMEMBASSY BRASILIA

AMEMBASSY CARACAS

AMEMBASSY QUITO

AMEMBASSY BOGOTA

AMEMBASSY LIMA

AMEMBASSY LA PAZ

AMEMBASSY ASUNCION

AMEMBASSY PORT LOUIS

AMEMBASSY NEW DELHI

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 03765 01 OF 02 111848Z

AMEMBASSY BUENOS AIRES

AMEMBASSY SANTO DOMINGO  
AMEMBASSY PORT OF SPAIN  
AMEMBASSY GEORGETOWN  
AMEMBASSY BRIDGETOWN  
AMEMBASSY KINGSTON  
AMEMBASSY PORT AU PRINCE  
AMCONSUL RIO DE JANEIRO  
AMCONSUL RECIFE  
AMEMBASSY MANAGUA  
AMCONSUL DURBAN  
AMEMBASSY SUVA  
USMISSION GENEVA  
AMEMBASSY MBABANE  
USMISSION EC BRUSSELS

LIMITED OFFICIAL USE SECTION 01 OF 02 LONDON 03765

FOR EB/ICO/TRP

E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJ: SUGAR: INTERNATIONAL SUGAR COLLOQUIUM (ISC)

1. SUMMARY. ATTENDANCE AT THE ISC HELD IN LONDON MARCH 4 AND 5 TOTALED OVER 600 SUGAR INDUSTRY AND GOVERNMENT REPRESENTATIVES FROM 50 COUNTRIES. THE MEETING WAS ORGANIZED BY THE EUROPEAN SUGAR MANUFACTURERS, GROWERS AND TRADERS. OVER 25 US INDUSTRY REPRESENTATIVES ATTENDED IN ADDITION TO EMBASSY PERSONNEL FROM STATE AND USDA AND A REPRESENTATIVE FROM THE TROPICAL PRODUCTS DIVISION OF STATE. CONSUMER COMMENTS CENTERED ON EXPECTED INCREASED SUGAR PRODUCTION IN 1975/76 AND REDUCED CONSUMPTION. PRODUCERS STRESSED AN ABSENCE OF SUFFICIENT PRODUCTION DUE TO LOW INVESTMENT CAUSED BY LOW PRICES IN THE PAST. CONSUMERS JOCKEYED TO PRODUCE BEARISH SENTIMENT ON PRICES WHILE PRODUCERS ATTEMPTED TO MAINTAIN BULL SENTIMENT. THE BEARS GENERALLY CARRIED THE DAY. EC DELEGATES IN PARTICULAR STRESSED THEIR PLANS FOR HIGHER BEET OUTPUT IN 1975/76 AND AN LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LONDON 03765 01 OF 02 111848Z

EC RETURN TO A NET EXPORTER STATUS. FOR THE LONG-TERM, THE FAO DELEGATE PREDICTED AN INCREASE IN WORLD DEMAND, WITH NO CLEAR VIEW YET POSSIBLE OF HOW THIS WOULD BE MET. ALL SPEAKERS CAME OUT IN FAVOR OF A NEW INTERNATIONAL SUGAR AGREEMENT. END SUMMARY.

2. THE ONLY HARD ANALYSIS OF SUPPLY AND DEMAND THROUGH 1980-1985 WAS SUPPLIED BY FAO DELEGATE VITON. HE POINTED

OUT THE DANGER OF SUCCUMBING TO A FALSE SENSE OF SECURITY IN THE NEXT COUPLE OF CROP YEARS DUE TO HIGHER OUTPUT. VITON PREDICTS A NEED FOR 9.5-10.5 MILLION METRIC TONS (MMT) MORE OUTPUT BY 1980 AND AN ADDITIONAL 10 MMT BY 1985. THESE DATA WERE NOT CHALLENGED.

3. WHERE THE ADDITIONAL OUTPUT WILL COME FROM IS NOT CLEAR. DEVELOPED COUNTRY IMPORTERS PROJECT MUCH LARGER BEET CROPS IN 1975/76 (2.5 MMT IN EC AND 850,000--ONE MILLION SHORT TONS IN US). SEVERAL LDC CANE PRODUCERS PREDICTED PRODUCTION INCREASES. FOR THE LONGER TERM, HOWEVER, IT IS NOT YET CLEAR HOW INCREASED DEMAND WILL BE MET (THE HIGH COST OF INVESTMENT AND INTERNAL PRODUCER PRICE CONTROLS WERE MENTIONED AS CONSTRAINTS). LATIN AMERICAN, AUSTRALIAN AND PHILIPPINE DELEGATES MENTIONED EXPANSION POTENTIAL BUT ALSO CALLED FOR STABLE PRICES TO PROVIDE INVESTMENT INCENTIVE.

4. ALL SPEAKERS CALLED FOR A NEW INTERNATIONAL SUGAR AGREEMENT (ISA) AT AN EARLY DATE. THE EXECUTIVE DIRECTOR OF THE INTERNATIONAL SUGAR ORGANIZATION (ISO) CALLED FOR A FLEXIBLE AGREEMENT ADAPTABLE TO CHANGING MARKET CONDITIONS AND MEETING THE MINIMUM PRICE NEEDS OF PRODUCERS SO AS TO CALL FORTH INCREASED SUGAR PRODUCTION. MANY THOUGHTS ON WHAT AN AGREEMENT MIGHT CONTAIN WERE PUT FORWARD. THE POINTS MOST OFTEN MADE INCLUDED A

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 LONDON 03765 02 OF 02 111848Z

51

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 NEA-09 IO-10 ISO-00

AGR-05 AID-05 CEA-01 CIAE-00 COME-00 FRB-03 INR-07

NSAE-00 CIEP-01 SP-02 STR-01 TRSE-00 LAB-04 SIL-01

SAM-01 OMB-01 PA-01 PRS-01 USIA-06 L-02 OPIC-03 /102 W

----- 126898

R 111833Z MAR 75

FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 9166  
INFO AMEMBASSY BONN  
AMEMBASSY PARIS  
AMEMBASSY THE HAGUE  
AMEMBASSY COPENHAGEN  
AMEMBASSY MADRID  
AMEMBASSY STOCKHOLM  
AMEMBASSY MANILA  
AMEMBASSY CANBERRA  
AMEMBASSY MEXICO  
AMEMBASSY GUATEMALA  
AMEMBASSY SAN SALVADOR  
AMEMBASSY TEGUCIGALPA  
AMEMBASSY SAN JOSE  
AMEMBASSY PANAMA  
AMEMBASSY TOKYO  
AMEMBASSY BANGKOK  
AMEMBASSY TAIPEI  
AMEMBASSY PRETORIA  
AMEMBASSY BRASILIA  
AMEMBASSY CARACAS  
AMEMBASSY QUITO  
AMEMBASSY BOGOTA  
AMEMBASSY LIMA  
AMEMBASSY LA PAZ  
AMEMBASSY ASUNCION  
AMEMBASSY PORT LOUIS  
AMEMBASSY NEW DELHI  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 03765 02 OF 02 111848Z

AMEMBASSY BUENOS AIRES  
AMEMBASSY SANTO DOMINGO  
AMEMBASSY PORT OF SPAIN  
AMEMBASSY GEORGETOWN  
AMEMBASSY BRIDGETOWN  
AMEMBASSY KINGSTON  
AMEMBASSY PORT AU PRINCE  
AMCONSUL RIO DE JANEIRO  
AMCONSUL RECIFE  
AMEMBASSY MANAGUA  
AMCONSUL DURBAN  
AMEMBASSY SUVA  
USMISSION GENEVA  
AMEMBASSY MBABANE  
USMISSION EC BRUSSELS

LIMITED OFFICIAL USE SECTION 02 OF 02 LONDON 03765

FLOOR PRICE, AN INTERVENTION STOCK MANAGED BY THE ISO BUT HELD IN EXPORTING COUNTRIES, AND THE NEED FOR A STANDBY AGREEMENT TO ENABLE THE ISO TO TAKE ACTION TO COUNTER VIOLENT PRICE SWINGS. EC, UK, AND FAO DELEGATES PARTICULARLY CAME OUT IN FAVOR OF A NEW NEW AGREEMENT.

5. ACP GROUP COUNTRIES NOTED THEIR DELIGHT WITH THEIR EC SUGAR ACCORD. CLAUDE CHEYSSON OF EC COMMISSION SPOKE OF RECENT EC/ACP (LAME) AGREEMENT IN GLOWING TERMS AS A START TOWARD A NEW ECONOMIC ORDER IN THE COMMODITIES FIELD. CHEYSSON CALLED FOR THE ORGANIZATION OF COMMODITY MARKETS AS A STEP TO FORESTALL MOVES TOWARD CARTELIZATION. HE SAID A NEW ISA COULD SET AN EXAMPLE. CHEYSSON' PRESENTATION WAS HIGHLY POLITICAL IN ITS OVERALL TONE AND WAS THEREFORE SOMEWHAT DISCOUNTED BY OTHER DELEGATES.

6. LATIN AMERICAN DELEGATES PRAISED THE US SUGAR ACT FOR ITS INCOME STABILIZING EFFECTS OVER THE PERIOD WHEN WORLD MARKET PRICES DID NOT EVEN COVER THE TOTAL VARIABLE COSTS OF PRODUCING SUGAR.  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LONDON 03765 02 OF 02 111848Z

7. THE MAJOR US PRESENTATION WAS BY ROBERT QUITTMAYER, PRESIDENT OF AMATAR SUGAR. ITS FOCUS WAS THE INROADS OF ARTIFICIAL SWEETENERS ON THE US SUGAR MARKET, PARTICULARLY HIGH FRUCTOSE CORN SWEETENERS. HIS PREDICTION THAT ONE TO THREE MILLION TONS OF SUGAR SALES COULD BE LOST TO SUCH SWEETENERS OVER THE NEXT FOUR YEARS DEFINITELY HAD AN EFFECT ON THE AUDIENCE, PARTICULARLY LDC EXPORTERS. HE PREDICTED A US SUGAR MARKET IN 1985 OF 6.8 MILLION SHORT TONS OF DOMESTIC PRODUCTION AND ONLY 3.8 MILLION SHORT TONS OF IMPORTS, WITH ARTIFICIAL SWEETENERS TAKING UP THE REST OF THE SWEETENER MARKET.

8. COMMENT: THE MEETING, ALTHOUGH SOMEWHAT POLITICIZED, PROVED TO BE A VERY USEFUL MEETING GROUND FOR SUGAR EXPERTS AND A FERTILE FIELD FOR THE INTERCHANGE OF IDEAS AND INFORMATION. THE PRINCIPAL CONCLUSIONS WERE THE NEED FOR A NEW ISA AND THE EXPECTATION OF MORE PRODUCTION AND LOWER PRICES IN THE MEDIUM TERM. NEVERTHELESS, THERE WAS CONSIDERABLE WORRY ABOUT SUPPLY OVER THE LONGER TERM UNLESS STABLE PRICES WERE ACHIEVED AT A LEVEL SUFFICIENTLY HIGH TO FOSTER INVESTMENT.

9. IN PRIVATE CONVERSATIONS WITH ISA OFFICIALS AFTER THE COLLOQUIUM IT BECAME CLEAR THAT A TIMETABLE FOR

RENEGOTIATION HAS NOT YET BEEN ESTABLISHED. THE NEXT EXECUTIVE COUNCIL WORKING GROUP SESSION IN MAY MAY MOVE FORWARD RAPIDLY ENOUGH TO PERMIT NEGOTIATIONS TO BEGIN IN THE FALL OF 1975, BUT RENEGOTIATION IS MORE LIKELY TO BEGIN IN THE SPRING OF 1976. A CONSIDERABLE AMOUNT OF PREPARATORY WORK ON MANY OF THE ELEMENTS OF ANY NEW ISA, CONCENTRATING ON STOCK POLICY AND PRICE POLICY, MUST FIRST BE UNDERTAKEN. THE ISO STAFF IS BEGINNING WORK ON DOCUMENTS FOR FURTHER STUDY AT THE MAY EXECUTIVE COUNCIL SESSION.

RICHARDSON

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SUGAR, MEETING AGENDA  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 MAR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975LONDON03765  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750085-0321  
**From:** LONDON  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750363/aaaacejk.tel  
**Line Count:** 289  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 6  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 15 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <15 APR 2003 by ShawDG>; APPROVED <16 APR 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SUGAR: INTERNATIONAL SUGAR COLLOQUIUM (ISC)  
**TAGS:** ETRD, EAGR, OCON, ISC-INTERNATIONAL SUGAR COLLOGUIUM  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006